



# CURRENCY

## Committee on Financial Services

**Michael G. Oxley, Chairman**

**For Immediate Release:**

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## House Passes Bankruptcy Reform Bill

Legislation to promote financial responsibility and discourage the unnecessary use of bankruptcy was approved by the House today. House Financial Services Chairman Michael G. Oxley (OH) is an original cosponsor of the Bankruptcy Abuse Prevention and Consumer Protection Act, H.R. 333, which passed by a vote of 306-108.

Oxley said, "This bill makes it more difficult for people to fraudulently walk away from their repayment responsibilities. The current system punishes those who responsibly manage their money by passing on losses in the form of higher consumer goods prices and interest rates."

The bill discourages debtors from using bankruptcy to avoid paying debts they are able to repay by requiring them to reorganize their debt under Chapter 13 rather than wiping out all debt under Chapter 7.

"By reforming bankruptcy law we are shoring up consumer credit markets and ensuring the safety and soundness of our financial institutions," Oxley said. "This legislation will shield responsible borrowers from paying the penalty for those who try to shirk from their debt obligations."

The legislation protects retirement accounts and domestic support obligations and discourages frivolous legal action. The bill also requires credit card issuers to disclose the amount of time and money it will take to repay credit card debt, to give credit consumers a better picture of the state of their finances.

To reduce uncertainty and limit systemic risk in the banking system the bill simplifies the terms for settling large financial contracts in the event that one counter-party becomes insolvent.

An amendment introduced by Oxley was adopted by a voice vote. The technical amendment standardized legal definitions throughout the body of law that covers the bankruptcy of large financial institutions.

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